



EdFed

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Discharges Due to Death

Well, I believe you when you say you're alive – and trust me, I'm glad that you still have a pulse! But just because you're still breathing doesn't mean you or someone you love can't benefit from a death-related disability discharge of your student loans.

Here's how: Federal law provides for discharge of student loans in the event of the death of the borrower or the death of the student for whom a parent obtained a PLUS loan. So let's say your mom took out a PLUS loan for you and unfortunately she later died. As a PLUS loan recipient, your mom was the borrower, not you. Even if you and she had an agreement by which you would actually pay back the loan, legally she's the one obligated to do so. Moreover, if your dad cosigned the application, he wouldn't have to pay the loan back either, as the law says that in the event of the student's death or the borrower's death, the obligation of the borrower and any endorser is discharged.

So here's the bottom line for any of you with parents who took out PLUS loans on your behalf: just know that the death discharge is available not just if you die, but if your parents pass away. By the same token, you should let your parents know that if you die, any PLUS loans they may be repaying can be cancelled.

Lastly, some of you may be married or may have previously consolidated student loans with your spouse when that was possible, under old federal rules. Let your partner know that in the event of your death, he or she doesn't have to continue paying off those old student loans. To secure a death discharge, you (or a loved one) have to apply for it. You'll need to get an original or certified copy of the death certificate and send it to the loan holder for Federal Family Education Loan (FFEL) or direct Stafford loans. For federal Perkins loans, the death certificate must be presented to the school (s) when you obtained your degree.